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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

ORIGINAL

Arizona Corporation Commission

DOCKETED

SEP 22 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF ABRA WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES FOR
UTILITY SERVICE.

DOCKET NO. W-01782A-14-0084

**NOTICE OF FILING REJOINDER
TESTIMONY OF THOMAS J.
BOURASSA**

Abra Water Company, Inc. ("Abra"), through undersigned counsel, hereby files its
Rejoinder Testimony of Thomas J. Bourassa, attached hereto as Exhibit A.

RESPECTFULLY SUBMITTED this 22nd day of September, 2014.

MUNGER CHADWICK, P.L.C.

Robert J. Metli
2398 E. Camelback Road, Suite 240
Phoenix, AZ 85016
Attorney for Abra Water Company, Inc.

ORIGINAL and thirteen (13) copies filed
this 22nd day of September, 2014, with:

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Arizona Corporation Commission
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Phoenix, Arizona 85007

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4 Administrative Law Judge
5 Arizona Corporation Commission
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 Janice Alward, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

13 Steven M. Olea, Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

18 By J. Mark

EXHIBIT A

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DOCKET NO. W-01782A-14-0084

**REJOINDER TESTIMONY OF
THOMAS J. BOURASSA ON BEHALF OF
ABRA WATER CO.**

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1 **I INTRODUCTION AND QUALIFICATIONS**

2 **Q1. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A1. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,
4 Phoenix, Arizona 85029.

5 **Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

6 A2. I am testifying in this proceeding on behalf of the applicant, Abra Water Company,
7 Inc. ("AWC" or the "Company"). AWC is seeking changes in its rates and charges
8 for water utility service in its certificated service area, which area is located in
9 Yavapai County.

10 **Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THE INSTANT**
11 **CASE?**

12 A3. Yes, I have previously submitted direct and rebuttal testimony in support of the
13 request for new rates in this docket.

14 **Q4. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?**

15 A4. To respond to the direct filings by Staff relating to rate base, income statement and
16 rate design for AWC. I will provide responses to Staff on the cost of capital, the
17 rate of return applied to the fair value rate base, and the determination of operating
18 income.

19
20 **II. SUMMARY OF AWC'S REJOINDER POSITION.**

21
22 **Q5. WHAT IS THE REVENUE THE COMPANY IS PROPOSING IN THIS**
23 **REJOINDER TESTIMONY?**

1 A5. The Company is proposing a total revenue requirement of \$287,480, which
2 constitutes an increase in revenues of \$17,441, or 6.46% over adjusted test year
3 revenues.

4 **Q6. HOW DO THESE COMPARE WITH THE COMPANY'S REBUTTAL**
5 **FILING?**

6 A6. They are lower. In the rebuttal filing, the Company requested a total revenue
7 requirement of \$292,122, which required an increase in revenues of \$22,082 or
8 8.18% over adjusted test year revenues.

9 **Q7. WHAT'S DIFFERENT?**

10 A7. In its rebuttal filing, AWC has revised its cost of debt from 6.82% to 5.2% which
11 has resulted in a lower weighted average cost of capital. The Company continues to
12 recommend a cost of equity of 11.0% and now recommends capital structure a
13 consisting of 51.4% debt and 48.6% equity. Based on the Company's rejoinder
14 recommendation regarding the cost of debt, cost of equity, and the capital structure,
15 the overall recommended weighted cost of capital (rate of return) is 8.02% which is
16 reduced from 8.85% in its direct and rebuttal filings..

17 **Q8. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE**
18 **INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF**
19 **THE PROCEEDING?**

20 A8. The proposed revenue requirements and proposed rate increases are as follows:

	<u>Revenue Requirement</u>	<u>Revenue Incr.</u>	<u>% Increase</u>
Company-Rebuttal	\$ 292,122	\$ 22,082	8.18%
Staff - Surrebuttal	\$ 273,934	\$ 3,894	1.44%
Company Rejoinder	\$ 287,480	\$ 17,441	6.46%

1
2
3 **III. RATE BASE**

4 **A. Summary of Rate Base.**

5 **Q9. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE**
6 **BASE RECOMMENDATIONS FOR THE WATER DIVISION?**

7 A9. Yes, for the water division the rate bases proposed by the Company and Staff are as
8 follows:

	<u>OCRB</u>	<u>FVRB</u>
9 Company-Rebuttal	\$ 555,630	\$ 555,630
10 Staff-Surrebuttal	\$ 461,824	\$ 461,824
11 Company Rebuttal	\$ 555,666	\$ 555,666

12
13 **1. Plant-in-Service (PIS) and Accumulated Depreciation (A/D).**

14 **Q10. PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL COST**
15 **RATE BASE FOR THE WATER DIVISION AND IDENTIFY ANY**
16 **ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF.**

17 A10. The Company's rebuttal rate base adjustments to its OCRB are detailed on
18 rejoinder schedules B-2, pages 3 through 5. Rejoinder Schedule B-2, page 1 and 2,
19 summarize the Company's proposed adjustments and the rejoinder OCRB.

20 The Company is not proposing any additional adjustments to PIS at this
21 stage of the proceeding.

22 The Company is not proposing any additional adjustments to A/D at this
23 stage of the proceeding. The rejoinder adjustments to A/D are the same as the
24 Company proposed in its rebuttal filing.¹

25
26 ¹ See Rebuttal Testimony of Thomas J. Bourassa ("Bourassa Rb.") at 5.

1 **Q11. DO THE COMPNAY AND STAFF STILL DISAGREE ON THE PIS AND**
2 **A/D BALANCES?**

3 A11. Yes. The Company is proposing PIS and A/D balances of \$1,523,414 and
4 \$659,371, respectively. Staff is proposing PIS and A/D balances of \$1,443,514
5 and \$653,028, respectively. The \$79,900 difference in PIS is the cost of
6 arsenic media which Staff continues to propose to remove.² The \$6,035 difference
7 in A/D is related to the removal of \$79,900 of plant costs.³
8

9 **Q12. PLEASE RESPOND TO MR. ALADI'S SURREBUTTAL TESTIMONY (ON**
10 **PAGES 2 AND 3) THAT THE \$79,900 OF ARSENIC MEDIA COST IS IN**
11 **ACCOUNT 320 - WATER TREATMENT PLANT ACCOUNT BALANCE**
12 **BECAUSE THE COMPANY SUBSEQUENTLY TRANSFERRED**
13 **\$102,209.50 INTO ACCOUNT 320 - WATER TREATMENT WHICH**
14 **INCLUDED THE \$79,900 THAT WAS TRANSFERRED OUT.**

15 A12. Mr. Aladi is wrong. The \$102,209.50 transferred into account 320 – Water
16 Treatment Plant did not include the arsenic media costs from Aquacell Water
17 Treatment, Inc. Because of the show period of time between Staff's surrebuttal
18 and the Company's rejoinder filing, the Company has not had adequate time to
19 prepare an exhibit to show that the arsenic media costs were not transfer back into
20 Account 320 – Water Treatment Plant in the \$102,209.50. The Company will
21 make a supplemental rejoinder filing in the next few days on this subject.
22
23
24
25

26 ² Surrebuttal Testimony of Brenda C. Aladi ("Aladi Sb.") at 3.

³ Aladi Dt. at 8.

1 2. **Contributions-in- Aid of Construction (CIAC).**
2

3 **Q13. IS THE COMPANY PROPOSING ANY ADDITIONAL ADJUSTMENTS**
4 **TO CONTRIBUTIONS-IN-AID OF CONSTRUCTION?**

5 A13. No. The Company's rejoinder adjustments to CIAC and accumulated amortization
6 are the same as discussed in my rebuttal testimony.⁴ The Company and Staff are in
7 agreement of the balance of CIAC and accumulated amortization of \$365,823 and
8 \$251,736, respectively.
9

10 3. **Working Capital**

11 **Q14. PLEASE DISCUSS THE COMPANY'S ADJUSTMENT TO WORKING**
12 **CAPITAL?**

13 A14. In rejoinder B-2 adjustment 4, as shown on Rejoinder Schedule B-2, page 2, the
14 Company reduces working capital by \$2,040 from \$22,634 to \$20,594. The
15 change from the rebuttal amount of \$20,562 is due to minor correction in the
16 computation.

17 **Q15. DO THE COMPANY AND STAFF AGREE ON THE AMOUNT OF**
18 **WORKING CAPITAL?**

19 A15. No. Staff continues to propose zero working capital.⁵
20

21 **Q16. PLEASE RESPOND TO MR. ALADI'S TESTIMONY (ON PAGE 4)**
22 **REGARDING WORKING CAPITAL.**

23 A16. I have two comments. First, Mr. Aldi assertion that if the Company had prepared a
24 lead-lag study its cash working capital amount would be negative is pure
25

26 ⁴ Bourassa Rb. at 9-10.

⁵ Aladi Rb. at 4.

1 speculation. Mr. Aladi did not prepare a lead-lag study so I do not know why he
2 makes this claim. Second, as I testified, the Company is barely over the current
3 \$250,000 threshold for a Class D classification. Based upon my experience, Staff
4 allows working capital based upon the formula method for Class D utilities, despite
5 the fact that as Mr. Aladi asserts "the formula method always produces a positive
6 amount."⁶ In my view, the allowance or disallowance of whether working capital
7 is justified in this case is based upon an arbitrary benchmark set by Staff.
8
9

10 **IV. INCOME STATEMENT (C SCHEDULES).**
11

12 **Q17. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED**
13 **ADJUSTMENTS TO REVENUES AND EXPENSES FOR THE WATER**
14 **DIVISION AND IDENTIFY ANY ADJUSTMENTS YOU HAVE**
15 **ACCEPTED FROM STAFF.**

16 A17. The Company rejoinder adjustments for the Water Division are detailed on
17 Rejoinder Schedule C-2, pages 1-12. The rejoinder income statement with
18 adjustments is summarized on Rejoinder Schedule C-1, page 1-2. The Company is
19 not proposing any additional adjustments to revenues and/or expenses or changes
20 to its proposed revenue and expense adjustments set forth in its rebuttal filing.⁷
21

22 **Q18. DO THE COMPANY AND STAFF CONTINUE TO DISAGREE ON THE**
23 **LEVEL OF DEPRECIATION AND AMORTIZATION EXPENSE?**
24

25
26 ⁶ *Id.*
⁷ Bourassa Rb. at 12-14.

1 A18. Yes. The Company recommends depreciation and amortization expense of
2 \$49,111 while Staff recommends \$50,236. The difference of \$1,125 is due the
3 difference in each of the parties recommend PIS balance (specifically the \$79,900
4 difference in Account 320.1 – Water Treatment Plant) and due to Staff's incorrect
5 depreciation rate for Account 330.1 – Storage Tanks (Staff uses 5.0 percent but the
6 approved rate is 2.22 percent).⁸
7

8 **Q19. HAS STAFF EXPLAINED WHY IT DID NOT CORRECT THE**
9 **DEPRECIATION RATE FOR STORAGE TANKS?**

10 A19. No.
11

12 **A. Remaining Revenue and Expense Issues**

13 **Q20. DO THE COMPANY AND STAFF CONTINUE TO DISAGREE ON THE**
14 **LEVEL OF BAD DEBT EXPENSE?**

15 A20. Yes. The Company is proposing bad debt expense of \$1,916 based upon a 4 year
16 historical average of bad debt expense.⁹ Staff proposes bad debt expense of \$1,068
17 based upon a historical 9 year average. I have explained why Staff's proposed
18 depreciation expense is understated in my rebuttal testimony and will not repeat
19 that testimony here.¹⁰
20

21 **Q21. HAS STAFF RESPONDED TO YOUR REBUTTAL TESTIMONY ON BAD**
22 **DEBT EXPENSE?**

23 A21. No.
24

25 ⁸ See Schedule JCM-9, Docket No. W-01782A-10-0224.

26 ⁹ Bourassa Rb. at 13.

¹⁰ *Id.*

1
2
3 **Q22. DO THE COMPANY AND STAFF CONTINUE TO DISAGREE ON THE**
4 **INCLUSIOIN OF LIFE INSURANCE COST IN OPERATING EXPENSES?**

5 A22. Yes. The Company proposes to include \$2,998 of life insurances costs in
6 expenses whereas Staff proposes to exclude these costs. As I testified, the
7 Company's loans are personally guaranteed by Mr. Larson and Mr. Larson is in the
8 process of changing the beneficiary to the Company.
9

10 **Q23. HAS MR. LARSON MADE APPLICATION TO CHANGE THE**
11 **BENEFICIARY TO THE COMPANY?**

12 A23. Yes. The application was submitted recently and the Company is waiting for
13 confirmation. Hopefully, the confirmation will be presented on or before hearing
14 in this matter.
15

16 **Q24. HAS STAFF RESPONDED TO YOUR TESTIMONY REGARDING THE**
17 **LIFE INSURANCE COSTS?**

18 A24. No.
19

20 **Q25. ARE THERE ANY OTHER REVENUE AND/OR EXPENSE ISSUES?**

21 A25. No.
22
23
24
25
26

1 **B. Cost of Capital (D Schedules).**

2 **1. Summary of Company Recommendation**

3 **Q26. PLEASE SUMMARIZE THE COMPANY'S REJOINDER**
4 **RECOMMENDATION ON THE COST OF CAPTIAL.**

5 A26. AWC continues request a return on common equity of 11.0 percent. It has revised
6 its cost of debt to 5.2 percent from 6.82 percent and has revised its proposed capital
7 structure to 48.6 percent equity and 51.4 percent debt. The weighted average cost
8 of capital ("WACC") is 8.01 percent based upon the aforementioned capital
9 structure, cost of equity, and cost of debt.¹¹

10
11 **2. Summary of the Staff Recommendations**

12 **Q27. PLEASE SUMMARIZE THE RECOMMENDATION OF STAFF.**

13 A27. Staff is recommending a capital structure consisting of 48.6 percent equity and 51.4
14 percent debt.¹² Staff determined a cost of equity of 9.5 percent based on the
15 average cost of equity produced by its DCF models.¹³ Staff uses a sample of six
16 publicly traded water utilities, the same as those I used in my analysis. Staff did not
17 consider firm size and firm-specific risks in it analysis. Staff also used a cost of
18 debt of 5.2 percent.¹⁴ Based on its recommended capital structure, cost of debt and
19 equity, Staff determined the WACC for AWC to be 7.4 percent.¹⁵

20
21 **3. Response to the Staff Surrebuttal Testimony**
22
23

24 ¹¹ See Rebuttal Schedule D-1.

25 ¹² Surrebuttal Testimony of Crystal S. Brown ("Brown Dt.") at 6.

26 ¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

1 **Q28. IS THE BUILD-UP METHOD UNRELIABLE BECAUSE IT MAY**
2 **PRODUCE A HIGHER COST OF EQUITY THAN THE CAPM OR THE**
3 **DCF METHOD?**

4 A28. No. The build-up method is a market based risk premium method like the CAPM.
5 It is an effective and widely used method.¹⁶ Producing a higher result in some
6 cases does not make the method unreliable. Higher results may reflect the fact that
7 traditional CAPM and beta does not fully account for all the variables affecting
8 returns.

9
10 **Q29. SHOULD WE BE CONCERNED WITH THE APPLICATION OF THE DCF**
11 **MODEL AT THIS TIME?**

12 A29. Yes. As I noted in my rebuttal testimony, we know that the assumptions of the
13 DCF model do not hold true because the stock price, book value, dividends, and
14 earnings for the water utilities have historically grown at different rates.¹⁷ We
15 should also be concerned with the DCF model's applicability under current market
16 conditions. The Federal Reserve's bond buying programs have kept longer-term
17 bond yields low. Interest rates are expected to rise when the Federal Reserve ends
18 its bond buying program and the economy continues to improve, but in the
19 meantime and because bond yields are extremely low, investors are "chasing
20 yields" and driving up the stock prices of companies that pay dividends, like
21 utilities.¹⁸ In fact, according to the Wall Street Journal, utilities have provided the
22 best returns among the S&P 500's 10 sectors so far this year, returning 14 percent
23

24 ¹⁶ Morningstar, *Ibbotson 2013 Valuation Yearbook*, p. 27.

25 ¹⁷ Bourassa Rb. at 17.

26 ¹⁸ "Dividend Paying Stocks Fit the Bill: Utilities and REITS Are Among Those Beating Major Indices; 'The Search for Yield Hasn't Abated,'" *Wall Street Journal*, July 8, 2014.

1 including dividends.¹⁹ All things remaining equal, a reduction in the dividend yield
2 indicates a reduction in the cost of equity. *Value Line* notes:

3
4 Investors appear to be focusing almost exclusively on
5 current income and overlooking risk. This has effected
6 water utilities in that the yield spread between high-
7 and low-quality stocks is now very compressed.
8 Indeed, among the nine stocks in the industry, the
9 yields range from only 2.6% to 3.6%. This is very tight
10 on an historical basis.²⁰

11 The expectations of returns from the increases stock prices are not reflected in
12 Staff's DCF models which use dividend and earnings growth and thus Staff's DCF
13 understates the cost of equity. As Dr. Morin notes,

14 *To the extent that increase (decreases) in relative*
15 *market valuation are anticipated by investors,*
16 *especially myopic investors with short-term investment*
17 *horizons, the standard DCF model will understate*
18 *(overstate) the cost of equity.*

19 Another way of stating this point is that the DCF model
20 does not account for the ebb and flow of investor
21 sentiments over the course of the business cycle. The
22 problem was particularly acute in the mid 1990's and
23 mid 2000's where investors, faced with very low
24 returns on short-term fixed-income securities and an
25 uncertain market outlook, sought higher yields offered
26 by utility stocks in a so-called flight to quality, boosting
their stock price and lowering the dividend yield.²¹

Q30. THANK YOU. PLEASE CONTINUE.

A30. I discussed the advantages of the build-up method in my rebuttal testimony and

¹⁹ *Id.*

²⁰ *Value Line Investment Survey*, Water Industry, July 18, 2014.

²¹ Roger A. Morin, *New Regulatory Finance* (Public Utility Reports, Inc., 2006) ("Morin"), p. 433 (emphasis added).

will not repeat that testimony here.²² That said, rather than pointing out the specific issues Ms. Brown has with build-up method itself (the theory, assumptions, and/or inputs), she attempts to discredit the method simply because it may produce a higher result. But, whatever the result (higher or lower), the build-up method does not suffer from the problems of the other methods, particularly under current market conditions.

C. Rate Design (H Schedules).

Q31. WHAT ARE AWC'S PROPOSED RATES FOR WATER SERVICE?

A31. AWC's proposed rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" meters	\$16.38
3/4" Meters	\$24.57
1" Meters	\$40.95
1 1/2" Meters	\$81.90
2" Meters	\$131.04
3" Meters	\$262.08
4" Meters	\$409.50
6" Meters	\$819.00
Standpipe/Coin-Op	\$0.00

COMMODITY RATES (per 1,000 gallons)

5/8" X 3/4" Meters	1 to 3,000 gals	\$ 2.27
	3,001 to 10,000 gals	\$ 3.77
	Over 10,000 gals	\$ 5.87

²² Bourassa Rb. at 17.

1	3/4" Meters	1 to 3,000 gals	\$ 2.27
2		3,001 to 10,000 gals	\$ 3.77
3		Over 10,000 gals	\$ 5.87
4	1" Meters	1 to 16,000 gals	\$3.77
5		Over 16,000 gals	\$ 5.87
6	1 1/2" Meters	1 to 30,000	\$ 3.77
7		Over 30,000	\$ 5.87
8	2" Meters	1 to 45,000	\$ 3.77
9		Over 45,000	\$ 5.87
10	3" Meters	1 to 90,000	\$ 3.77
11		Over 90,000	\$ 5.87
12	4" Meters	1 to 145,000	\$ 3.77
13		Over 145,000	\$ 5.87
14	6" Meters	1 to 300,000	\$ 3.77
15		Over 300,000	\$ 5.87
16	Standpipe	All gallons	\$ 6.25

Q32. WHAT WILL BE THE AVERAGE 5/8X3/4 INCH CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A32. As shown on Schedule H-2, page 2, the average monthly bill under proposed rates for a 5/8x3/4 inch customer using an average 5,717 gallons is \$33.45 – a \$2.37 increase over the present monthly bill or a 7.64 percent increase.

Q33. DO YOU STILL HAVE CONCERNS ABOUT THE STAFF RATE DESIGN?

1 A33. Yes. The Staff proposed rates continue to fail to produce the Staff recommended
2 revenue requirement.²³ The revenues produced are approximately \$3,800 less than
3 the Staff proposed revenue requirement. I pointed this out in my rebuttal
4 testimony.
5

6 **Q34. HAS STAFF PROVIDED ANY RESPONSE TO YOUR REBUTTAL**
7 **TESTIMONY ON THE FAILURE OF STAFF RATES TO PRODUCE THE**
8 **REVENUE REQUIREMENT?**
9

10 A34. No.
11

12 **Q35. IS THE COMPANY PROPOSING ANY CHANGES TO THE RATE**
13 **DESIGN?**
14

15 A35. No.
16

17 **Q36. IS AWC PROPOSING ANY CHANGES TO ITS METER AND SERVICE**
18 **LINE INSTALLATION CHARGES?**
19

20 A36. No.
21

22 **Q37. IS AWC PROPOSING ANY CHANGES TO MISCELLANEOUS SERVICE**
23 **CHARGES?**
24

25 A37. No. The Company continues to propose a \$25 NSF check fee instead of the \$10
26 NSF Check Fee it proposed in its direct filing. The current NSF Check Fee is \$25.

²³ Bourassa Rb. at 20.

1 The Company did not intend to change its NSF Check Fee and proposing to retain
2 the \$25 fee.

3 Similarly, the Company continues to propose a \$20 Meter Re-read charge (if
4 correct) instead of the \$10 Meter Re-read charge it proposed in its direct filing.
5 The current Meter Re-read charge is \$20. The Company did not intend to change
6 its Meter Re-read charge and proposing to retain the \$20 fee.
7

8 **Q38. HAS STAFF PROVIDED ANY RESPONSE TO THESE PROPOSED**
9 **CHANGES?**

10 A38. No.
11
12
13

14 **Q39. DOES THAT COMPLETE YOUR PREPARED REJOINDER**
15 **TESTIMONY?**

16 A39. Yes, it does.
17
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Abra Water Company, Inc.
Test Year Ended December 31, 2012
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line
No.

1	Fair Value Rate Base	\$	555,640
2			
3	Adjusted Operating Income		30,860
4			
5	Current Rate of Return		5.55%
6			
7	Required Operating Income	\$	44,556
8			
9	Required Rate of Return on Fair Value Rate Base		8.02%
10			
11	Operating Income Deficiency	\$	13,696
12			
13	Gross Revenue Conversion Factor		1.2732
14			
15	Increase in Gross Revenue Requirement	\$	17,438
16			
17			
18	Adjusted Test Year Revenues	\$	270,040
19	Increase in Gross Revenue Requirement	\$	17,438
20	Proposed Revenue Requirement	\$	287,478
21	% Increase		6.46%
22			

	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
23 Customer				
24 Classification				
25 5/8x3/4 Inch	\$ 245,084	\$ 261,875	\$ 16,791	6.85%
26 2 Inch	11,690	11,725	35	0.30%
27 Standpipe	4,371	4,553	182	4.17%
28 Coin-Op	4,905	5,109	204	4.17%
29		-	-	0.00%
30 Revenue Annualization	125	124	(1)	-0.72%
31 Subtotal	\$ 266,176	\$ 283,387	\$ 17,211	6.47%
32				
33 Other Water Revenues	7,758	7,758	-	0.00%
34 Declining Usage Adjustment	(3,395)	(3,615)	(220)	6.47%
35 Reconciling Amount	(499)	(53)	446	-89.38%
36 Rounding	-	-	-	0.00%
37 Total of Water Revenues	\$ 270,040	\$ 287,477	\$ 17,438	6.46%

40 SUPPORTING SCHEDULES:
41 B-1
42 C-1
43 C-3
44 H-1

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 1,523,413	\$ 1,523,413
3	Less: Accumulated Depreciation	659,679	659,679
4			
5	Net Utility Plant in Service	\$ 863,734	\$ 863,734
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	196,858	196,858
9			
10	Contributions in Aid of Construction	365,823	365,823
11			
12	Accumulated Amortization of CIAC	(251,736)	(251,736)
13			
14	Customer Meter Deposits	14,650	14,650
15	Custmer Security Deposits	3,067	3,067
16	Accumulated Deferred Income Tax	-	-
17			
18			
19	<u>Plus:</u>		
20			
21	Deferred Regulatory Assets TCE Plume	-	-
22	Deferred Tax Assets	-	-
23	Allowance for Working Capital	20,569	20,569
24			
25			
26	Total Rate Base	<u>\$ 555,640</u>	<u>\$ 555,640</u>
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 1,523,413	-	\$ 1,523,413
3				
4	Less:			
5	Accumulated			
6	Depreciation	659,371	308	659,679
7				
8				
9	Net Utility Plant			
10	in Service	\$ 864,042		\$ 863,734
11				
12	Less:			
13	Advances in Aid of			
14	Construction	196,858	-	196,858
15				
16	Contributions in Aid of			
17	Construction - Gross	359,028	6,795	365,823
18				
19	Accumulated Amortization of CIAC	(257,496)	5,760	(251,736)
20				
21	Customer Meter Deposits	14,650	-	14,650
22	Customer Security Deposits	3,067	-	3,067
23	Accumulated Deferred Income Tax	-	-	-
24				-
25				-
26				
27	Plus:			
28				
29	Deferred Regulatory Assets TCE Plume	-		-
30	Prepayments	-		-
31	Materials and Supplies	-		-
32	Working capital	22,634	(2,066)	20,569
33				-
34				
35	Total	<u>\$ 570,570</u>		<u>\$ 555,640</u>

46 SUPPORTING SCHEDULES:
47 B-2, pages 2
48 E-1

RECAP SCHEDULES:
B-1

49
50
51

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	1 Plant-in- Service	2 Accumulated Depreciation	Proforma Adjustments			5 Intentionally Left Blank	Adjusted at end of Test Year
					3 CIAC	4 Working Capital			
1	Gross Utility								
2	Plant in Service	\$ 1,523,413	-						\$ 1,523,413
3									
4	Less:								
5	Accumulated								
6	Depreciation	659,371		308					659,679
7									
8									
9	Net Utility Plant								
10	in Service	\$ 864,042	\$ -	\$ (308)	\$ -	\$ -	\$ -	\$ -	\$ 863,734
11									
12	Less:								
13	Advances in Aid of								
14	Construction	196,858							196,858
15									
16	Contributions in Aid of								
17	Construction (CIAC)	359,028			6,795				365,823
18									
19	Accumulated Amort of CIAC	(257,496)			5,760				(251,736)
20									
21	Customer Meter Deposits	14,650							14,650
22	Customer Security Deposits	3,067							3,067
23	Accumulated Deferred Income Taxes	-							-
24									
25									
26	Plus:								
27									
28	Deferred Regulatory Assets	-							-
29	Prepayments								
30	Materials and Supplies								
31	Allowance for Cash Working Capital	22,634				(2,066)			20,569
32									
33	Total	\$ 570,570	\$ -	\$ (308)	\$ (12,555)	\$ (2,066)	\$ -	\$ -	\$ 555,640

37 SUPPORTING SCHEDULES:
38 B-2, pages 3-5
39 B-5
40 E-1
41

RECAP SCHEDULES:
B-1

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Plant-in-Service							
Line No.				Adjustments			
		A	B	C	D	E	
		Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	Rebuttal
		Left	Left	Left	Left	Left	Adjusted
		Blank	Blank	Blank	Blank	Blank	Original
	Acct. No. Description	Adjusted Original Cost					Cost
6	301 Organization Cost	508					508
7	302 Franchise Cost	787					787
8	303 Land and Land Rights	15,044					15,044
9	304 Structures and Improvements	72,787					72,787
10	305 Collecting and Impounding Res.	-					-
11	306 Lake River and Other Intakes	-					-
12	307 Wells and Springs	67,868					67,868
13	308 Infiltration Galleries and Tunnels	-					-
14	309 Supply Mains	-					-
15	310 Power Generation Equipment	-					-
16	311 Electric Pumping Equipment	77,467					77,467
17	320 Water Treatment Equipment	-					-
18	320.1 Water Treatment Plant	145,002					145,002
19	320.2 Chemical Solution Feeders	4,654					4,654
20	320.3 Media for Arsenic Treatment	65,560					65,560
21	330 Dist. Reservoirs & Standpipe	-					-
22	330.1 Storage tanks	197,626					197,626
23	330.2 Pressure Tanks	-					-
24	331 Trans. and Dist. Mains	659,578					659,578
25	333 Services	133,392					133,392
26	334 Meters	40,035					40,035
27	335 Hydrants	-					-
28	336 Backflow Prevention Devices	-					-
29	339 Other Plant and Misc. Equip.	9,890					9,890
30	340 Office Furniture and Fixtures	278					278
31	340.1 Computers and Software	6,098					6,098
32	341 Transportation Equipment	20,280					20,280
33	342 Stores Equipment	-					-
34	343 Tools and Work Equipment	65					65
35	344 Laboratory Equipment	-					-
36	345 Power Operated Equipment	-					-
37	346 Communications Equipment	1,855					1,855
38	347 Miscellaneous Equipment	95					95
39	348 Other Tangible Plant	4,545					4,545
40	Plant Held for Future Use	-					-
41	TOTALS	\$ 1,523,413	\$ -	\$ -	\$ -	\$ -	\$ 1,523,413
42							
43	Adjusted Plant-in-Service per Direct						\$ 1,523,413
44							
45	Increase (decrease) in Plant-in-Service						\$ -
46							
47	Adjustment to Plant-in-Service						\$ -
48							
49	SUPPORTING SCHEDULES						
50	B-2, pages 3.1 through 3.3						
51							

Abra Water Company, Inc.
Summary of Plant Adds, Retirements, and Accumulated Depreciation

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Per Decision 72887		Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant at 12/31/2009	Accum. Deprec. At 12/31/2009									
1	301	Organization Cost	0.00%	508	-	-	-	-	-	-	-	-	508	-
2	302	Franchise Cost	0.00%	787	-	-	-	-	-	-	-	-	787	-
3	303	Land and Land Rights	0.00%	15,044	-	-	-	-	-	-	-	-	15,044	-
4	304	Structures & Improvements	3.33%	72,787	6,420	-	-	-	-	-	-	2,424	72,787	8,844
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	63,078	45,272	-	-	-	-	-	-	2,100	63,078	47,372
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	50,877	22,182	-	-	-	-	-	-	4,099	50,877	26,281
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	65,102	12,700	-	79,900	79,900	-	-	-	3,498	145,002	16,198
14	320.2	Solution Chemical Feeders	20.00%	4,654	2,725	-	-	-	-	-	-	572	4,654	3,297
14	320.3	Arsenic Media	33.00%	79,900	31,968	-	-	-	-	-	21,301	26,631	79,900	79,900
14	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	197,626	35,127	-	-	-	-	-	-	4,387	197,626	39,514
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	659,578	264,934	-	-	-	-	-	-	13,192	659,578	278,126
19	333	Services	3.33%	133,378	62,483	14	-	14	-	-	-	4,442	133,392	66,925
20	334	Meters	8.33%	35,125	21,458	1,014	-	1,014	-	-	-	2,968	36,139	24,426
21	335	Hydrants	2.00%	-	-	-	-	-	-	-	-	-	-	-
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	6.67%	9,890	4,072	-	-	-	-	-	-	660	9,890	4,732
24	340	Office Furniture & Equipment	6.67%	278	171	-	-	-	-	-	-	19	278	190
25	340.1	Computers & Software	20.00%	6,098	6,098	-	-	-	-	-	-	-	6,098	6,098
26	341	Transportation Equipment	20.00%	20,280	13,380	-	-	-	-	-	-	4,056	20,280	17,436
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	65	65	-	-	-	-	-	-	-	65	65
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	95	9	-	-	-	-	-	-	10	95	19
33	348	Other Tangible Plant	10.00%	4,545	4,094	-	-	-	-	-	-	451	4,545	4,545
34		Plant Held for Future Use												
35														
36		TOTALS		1,419,895	533,158	1,028	79,900	80,928	-	-	21,301	69,508	1,500,623	623,967

See Work Papers

Abra Water Company, Inc.
Summary of Plant Adds, Retirements, and Accumulated Depreciation

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2011								Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	508	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	787	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	15,044	-
4	304	Structures & Improvements	3.33%	-	-	-	-	-	-	2,424	72,787	11,268
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	2,100	63,078	49,473
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	1,400	-	1,400	-	-	-	4,187	52,277	30,468
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	4,829	145,002	21,027
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	572	4,654	3,869
14	320.3	Arsenic Media	33.00%	60,560	-	60,560	79,900	79,900	-	10,092	60,560	10,092
14	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	4,387	197,626	43,902
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	-	-	-	-	-	-	13,192	659,578	291,317
19	333	Services	3.33%	-	-	-	-	-	-	4,442	133,392	71,367
20	334	Meters	8.33%	-	-	-	-	-	-	3,010	36,139	27,436
21	335	Hydrants	2.00%	-	-	-	-	-	-	-	-	-
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	660	9,890	5,381
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	19	278	208
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	6,098	6,098
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	2,844	20,280	20,280
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-	65	65
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	10	95	28
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	4,545	4,545
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-
35												
36		TOTALS		61,960	-	61,960	79,900	79,900	-	52,767	1,482,683	596,834

See Work Papers

Abra Water Company, Inc.
Summary of Plant Adds, Retirements, and Accumulated Depreciation

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

NARUC			Allowed Deprec. Rate	2012								
Line No.	Account No.	Description		Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	508	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	787	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	15,044	-
4	304	Structures & Improvements	3.33%	-	-	-	-	-	-	2,424	72,787	13,691
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	4,790	-	4,790	-	-	-	2,180	67,868	51,653
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	25,190	-	25,190	-	-	-	5,849	77,467	36,317
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	4,829	145,002	25,855
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	572	4,654	4,441
14	320.3	Arsenic Media	33.00%	5,000	-	5,000	-	-	-	21,018	65,560	31,110
14	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	4,387	197,626	48,289
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	-	-	-	-	-	-	13,192	659,578	304,509
19	333	Services	3.33%	-	-	-	-	-	-	4,442	133,392	75,809
20	334	Meters	8.33%	3,896	-	3,896	-	-	-	3,173	40,035	30,609
21	335	Hydrants	2.00%	-	-	-	-	-	-	-	-	-
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	660	9,890	6,051
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	19	278	227
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	6,098	6,098
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	20,280	20,280
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-	65	65
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	1,855	-	1,855	-	-	-	93	1,855	93
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	10	95	38
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	4,545	4,545
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-
35												
36		TOTALS		40,730	-	40,730	-	-	-	62,845	1,523,413	659,679
See Work Papers												

See Work Papers

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line
No.

		A	B	C	D	E	
		Adjusted	Adjustments to	Intentionally	Intentionally	Intentionally	Rebuttal
		Accum.	Reconcile to	Left	Left	Left	Adjusted
	Acct.	Depr.	A/D Balance	Blank	Blank	Blank	Accum.
	No. Description						Depr.
	301 Organization Cost	-	-				-
	302 Franchise Cost	-	-				-
	303 Land and Land Rights	-	-				-
	304 Structures and Improvements	13,691	-				13,691
	305 Collecting and Impounding Res.	-	-				-
	306 Lake River and Other Intakes	-	-				-
	307 Wells and Springs	51,653	-				51,653
	308 Infiltration Galleries and Tunnels	-	-				-
	309 Supply Mains	-	-				-
	310 Power Generation Equipment	-	-				-
	311 Electric Pumping Equipment	36,317	-				36,317
	320 Water Treatment Equipment	-	-				-
	320.1 Water Treatment Plant	25,855	-				25,855
	320.2 Chemical Solution Feeders	4,441	-				4,441
	320.3 Media for Arsenic Treatment	30,802	308				31,110
	330 Dist. Reservoirs & Standpipe	-	-				-
	330.1 Storage tanks	48,289	-				48,289
	330.2 Pressure Tanks	-	-				-
	331 Trans. and Dist. Mains	304,509	-				304,509
	333 Services	75,809	-				75,809
	334 Meters	30,609	-				30,609
	335 Hydrants	-	-				-
	336 Backflow Prevention Devices	-	-				-
	339 Other Plant and Misc. Equip.	6,051	-				6,051
	340 Office Furniture and Fixtures	227	-				227
	340.1 Computers and Software	6,098	-				6,098
	341 Transportation Equipment	20,280	-				20,280
	342 Stores Equipment	-	-				-
	343 Tools and Work Equipment	65	-				65
	344 Laboratory Equipment	-	-				-
	345 Power Operated Equipment	-	-				-
	346 Communications Equipment	93	-				93
	347 Miscellaneous Equipment	38	-				38
	348 Other Tangible Plant	4,545	-				4,545
		-	-				-
	TOTALS	\$ 659,371	\$ 308	\$ -	\$ -	\$ -	\$ 659,679
	Adjusted Accumulated Depreciation per Direct						\$ 659,371
	Increase (decrease) in Accumulated Depreciation						\$ 308
	Adjustment to Accumulated Depreciation						\$ 308
	SUPPORTING SCHEDULES						
	B-2, pages 4.1						

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line

No.

Reconciliation of A/D to A/D Reconstruction

	Acct.	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
1						
2						
3						
4						
5	<u>No.</u> <u>Description</u>					
6	301 Organization Cost	-	-	-	-	-
7	302 Franchise Cost	-	-	-	-	-
8	303 Land and Land Rights	-	-	-	-	-
9	304 Structures and Improvements	13,691	-	13,691	13,691	-
10	305 Collecting and Impounding Res.	-	-	-	-	-
11	306 Lake River and Other Intakes	-	-	-	-	-
12	307 Wells and Springs	51,653	-	51,653	51,653	-
13	308 Infiltration Galleries and Tunnels	-	-	-	-	-
14	309 Supply Mains	-	-	-	-	-
15	310 Power Generation Equipment	-	-	-	-	-
16	311 Electric Pumping Equipment	36,317	-	36,317	36,317	-
17	320 Water Treatment Equipment	-	-	-	-	-
18	320.1 Water Treatment Plant	25,855	-	25,855	25,855	-
19	320.2 Chemical Solution Feeders	4,441	-	4,441	4,441	-
20	320.3 Arsenic Media	30,802	-	30,802	31,110	308
21	330 Dist. Reservoirs & Standpipe	-	-	-	-	-
22	330.1 Storage tanks	48,289	-	48,289	48,289	-
23	330.2 Pressure Tanks	-	-	-	-	-
24	331 Trans. and Dist. Mains	304,509	-	304,509	304,509	-
25	333 Services	75,809	-	75,809	75,809	-
26	334 Meters	30,609	-	30,609	30,609	-
27	335 Hydrants	-	-	-	-	-
28	336 Backflow Prevention Devices	-	-	-	-	-
29	339 Other Plant and Misc. Equip.	6,051	-	6,051	6,051	-
30	340 Office Furniture and Fixtures	227	-	227	227	-
31	340.1 Computers and Software	6,098	-	6,098	6,098	-
32	341 Transportation Equipment	20,280	-	20,280	20,280	-
33	342 Stores Equipment	-	-	-	-	-
34	343 Tools and Work Equipment	65	-	65	65	-
35	344 Laboratory Equipment	-	-	-	-	-
36	345 Power Operated Equipment	-	-	-	-	-
37	346 Communications Equipment	93	-	93	93	-
38	347 Miscellaneous Equipment	38	-	38	38	-
39	348 Other Tangible Plant	4,545	-	4,545	4,545	-
40	Plant Held for Future Use					-
41	TOTALS	\$ 659,371	\$ -	\$ 659,371	\$ 659,679	\$ 308

SUPPORTING SCHEDULE

B-2, pages 3.1 through 3.3

46

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line
No.

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	Gross CIAC	Accumulated Amortization
Staff Recommended	\$ 365,823	\$ 251,736
Book balance at 12/31/2012	<u>\$ 359,028</u>	<u>\$ 257,496</u>
Increase (decrease)	\$ 6,795	\$ (5,760)
Adjustment to CIAC/AA CIAC	<u>\$ 6,795</u>	<u>\$ 5,760</u>
Label	3a	3b

SUPPORTING SCHEDULES

E-1
Staff Adjustment No. 3 Schedule BCA-7
Staff Adjustment No. 4 Schedule BCA-8

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	19,840
3	Pumping Power (1/24 of Pumping Power)		720
4	Purchased Water (1/24 of Purchased Water)		8
5			
6			
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>20,569</u>
10			
11			
12	Working Capital Requested	\$	20,569
13			
14	Working Capital per Direct	\$	22,634
15			
16	Increase(Decrease) in Working Capital	<u>\$</u>	<u>(2,066)</u>
17			
18		<u>Adjusted Test Year</u>	
19	Total Operating Expense	\$	239,180
20	Less:		
21	Income Tax	\$	4,134
22	Property Tax		9,736
23	Depreciation		49,111
24	Purchased Water		191
25	Pumping Power		17,285
26	Allowable Expenses	<u>\$</u>	<u>158,724</u>
27	1/8 of allowable expenses	<u>\$</u>	<u>19,840</u>
28			
29			

30 SUPPORTING SCHEDULES:
31 E-1

RECAP SCHEDULES:
B-1

32
33
34
35
36
37
38
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41

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Adjusted Test Year Results	Adjustment	Rebuttal Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 262,282	\$ -	\$ 262,282	\$ 17,438	\$ 279,720
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	7,758	-	7,758	-	7,758
5		<u>\$ 270,040</u>	<u>\$ -</u>	<u>\$ 270,040</u>	<u>\$ 17,438</u>	<u>\$ 287,478</u>
6	Operating Expenses					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Water	-	-	-	-	-
9	Purchased Power	17,285	-	17,285	-	17,285
10	Chemicals	191	-	191	-	191
11	Materials and Supplies	5,588	-	5,588	-	5,588
12	Office Supplies and Expense	10,243	-	10,243	-	10,243
13	Outside Services	107,983	(1,880)	106,103	-	106,103
14	Water Testing	6,123	(2,805)	3,318	-	3,318
15	Rents	10,307	(779)	9,528	-	9,528
16	Transportation Expenses	7,017	-	7,017	-	7,017
17	Insurance - General Liability	3,926	(447)	3,479	-	3,479
18	Insurance - Health and Life	2,988	-	2,988	-	2,988
19	Reg. Comm. Exp. - Other	-	-	-	-	-
20	Reg. Comm. Exp. - Rate Case	11,667	(2,917)	8,750	-	8,750
21	Miscellaneous Expense	-	-	-	-	-
22	Bad Debt Expense	9,367	(7,451)	1,916	-	1,916
23	Depreciation and Amortization Expense	51,585	(2,474)	49,111	-	49,111
24	Taxes Other Than Income	554	(554)	-	-	-
25	Property Taxes	9,714	(184)	9,531	205	9,736
26	Income Tax	(249)	4,384	4,134	3,537	7,671
27		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
28	Total Operating Expenses	<u>\$ 254,285</u>	<u>\$ (15,105)</u>	<u>\$ 239,180</u>	<u>\$ 3,742</u>	<u>\$ 242,922</u>
29	Operating Income	<u>\$ 15,754</u>	<u>\$ 15,105</u>	<u>\$ 30,860</u>	<u>\$ 13,696</u>	<u>\$ 44,556</u>
30	Other Income (Expense)					
31	Interest Income	-	-	-	-	-
32	Other income	-	-	-	-	-
33	Interest Expense	(20,038)	5,186	(14,851)	-	(14,851)
34	Other Expense	-	-	-	-	-
35		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
36	Total Other Income (Expense)	<u>\$ (20,038)</u>	<u>\$ 5,186</u>	<u>\$ (14,851)</u>	<u>\$ -</u>	<u>\$ (14,851)</u>
37	Net Profit (Loss)	<u>\$ (4,283)</u>	<u>\$ 20,292</u>	<u>\$ 16,009</u>	<u>\$ 13,696</u>	<u>\$ 29,705</u>

SUPPORTING SCHEDULES:

C-1, page 2

E-2

RECAP SCHEDULES:

A-1

Exhibit
Rejoinder Schedule C-1
Page 2.1
Witness: Bourassa

39 SUPPORTING SCHEDULES:
40 C-2
41 E-2

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.2
Witness: Bourassa

Line No.	10 Interest Synch.	11 Income Taxes	12 Intentionally Left Blank	13 Intentionally Left Blank	14 Intentionally Left Blank	15 Intentionally Left Blank	16 Intentionally Left Blank	17 Intentionally Left Blank	Rebuttal Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues										
2									\$ 262,282	\$ 17,438	\$ 279,720
3									-		-
4									7,758		7,758
5									270,040	\$ 17,438	287,478
6	Operating Expenses										
7									\$ -		\$ -
8									-		-
9									17,285		17,285
10									191		191
11									5,588		5,588
12									10,243		10,243
13									106,103		106,103
14									3,318		3,318
15									9,528		9,528
16									7,017		7,017
17									3,479		3,479
18									2,988		2,988
19									-		-
20									8,750		8,750
21									-		-
22									1,916		1,916
23									49,111		49,111
24									-		-
25									9,531	205	9,736
26									4,134	3,537	7,671
27											
28									239,180	\$ 3,742	242,922
29									30,860	\$ 13,696	44,556
30	Other Income (Expense)										
31									-		-
32									-		-
33									(14,851)		(14,851)
34									-		-
35									-		-
36									(14,851)		(14,851)
37									16,009	\$ 13,696	29,705
38											
39	SUPPORTING SCHEDULES:										
40	C-2										
41	E-2										

RECAP SCHEDULES:
C-1, page 1

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Rate Case Expense</u>	<u>Outside Services</u>	<u>Water Testing</u>	<u>Rent Expense</u>	
4 Revenues							-
6 Expenses	(2,474)	(184)	(2,917)	(1,880)	(2,805)	(779)	(11,038)
8 Operating Income	2,474	184	2,917	1,880	2,805	779	11,038
11 Interest Expense							-
13 Other Income / Expense							-
17 Net Income	2,474	184	2,917	1,880	2,805	779	11,038

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
	<u>General Liability Insurance</u>	<u>Bad Debt Expense</u>	<u>Taxes Other Than Income</u>	<u>Interest Synch.</u>	<u>Income Taxes</u>	<u>Intentionally Left Blank</u>	
24 Revenues							-
27 Expenses	(447)	(7,451)	(554)		4,384	-	(15,105)
29 Operating Income	447	7,451	554	-	(4,384)	-	15,105
32 Interest Expense				5,186			5,186
34 Other Income / Expense							-
38 Net Income	447	7,451	554	5,186	(4,384)	-	20,292

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct.	Description	Adjusted Original Cost	Fully Depr or Non-Depr Plant	Rebuttal Adjusted Original Cost	Proposed Rates	Depreciation Expense
1							
2							
3							
4							
5	301	Organization Cost	508	(508)	-	0.00%	-
6	302	Franchise Cost	787	(787)	-	0.00%	-
7	303	Land and Land Rights	15,044	(15,044)	-	0.00%	-
8	304	Structures and Improvements	72,787		72,787	3.33%	2,424
9	305	Collecting and Impounding Res	-		-	2.50%	-
10	306	Lake River and Other Intakes	-		-	2.50%	-
11	307	Wells and Springs	67,868		67,868	3.33%	2,260
12	308	Infiltration Galleries and Tunnel	-		-	6.67%	-
13	309	Supply Mains	-		-	2.00%	-
14	310	Power Generation Equipment	-		-	5.00%	-
15	311	Electric Pumping Equipment	77,467	(18,083)	59,384	12.50%	7,423
16	320	Water Treatment Equipment	-		-	3.33%	-
17	320.1	Water Treatment Plant	145,002		145,002	3.33%	4,829
18	320.2	Chemical Solution Feeders	4,654	(1,794)	2,860	20.00%	572
19	320.3	Media for Arsenic Treatment	65,560		65,560	33.33%	21,851
20	330	Dist. Reservoirs & Standpipe	-		-	2.22%	-
21	330.1	Storage tanks	197,626		197,626	2.22%	4,387
22	330.2	Pressure Tanks	-		-	5.00%	-
23	331	Trans. and Dist. Mains	659,578		659,578	2.00%	13,192
24	333	Services	133,392		133,392	3.33%	4,442
25	334	Meters	40,035		40,035	8.33%	3,335
26	335	Hydrants	-		-	2.00%	-
27	336	Backflow Prevention Devices	-		-	6.67%	-
28	339	Other Plant and Misc. Equip.	9,890		9,890	6.67%	660
29	340	Office Furniture and Fixtures	278		278	6.67%	19
30	340.1	Computers and Software	6,098	(6,098)	-	20.00%	-
31	341	Transportation Equipment	20,280	(20,280)	-	20.00%	-
32	342	Stores Equipment	-	-	-	4.00%	-
33	343	Tools and Work Equipment	65	(65)	-	5.00%	-
34	344	Laboratory Equipment	-		-	10.00%	-
35	345	Power Operated Equipment	-		-	5.00%	-
36	346	Communications Equipment	1,855		1,855	10.00%	186
37	347	Miscellaneous Equipment	95		95	10.00%	10
38	348	Other Tangible Plant	4,545	(4,545)	-	10.00%	-
39		TOTALS	\$ 1,523,413	\$ (67,204)	\$ 1,456,209		\$ 65,587
40							
41							
42		Less: Amortization of Contributions			\$ 365,823	4.5040%	\$ (16,477)
43							
44							
45							
46							
47							
48							\$ (16,477)
49		Total Depreciation Expense					\$ 49,111
50							
51		Adjusted Test Year Depreciation Expense					51,585
52							
53		Increase (decrease) in Depreciation Expense					(2,474)
54							
55		Adjustment to Revenues and/or Expenses					\$ (2,474)
56							
57		<u>SUPPORTING SCHEDULE</u>					
58		B-2, page 3					

*Fully Depreciated/Amortized

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 270,040	\$ 270,040
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	540,080	540,080
4	Company Recommended Revenue	270,040	287,478
5	Subtotal (Line 4 + Line 5)	810,119	827,557
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	270,040	275,852
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	540,080	551,705
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	540,080	551,705
13	Assessment Ratio	19.0%	19.0%
14	Assessment Value (Line 12 * Line 13)	102,615	104,824
15	Composite Property Tax Rate - Obtained from ADOR	9.2877%	9.2877%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 9,531	\$ 9,736
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 9,531	
19	Test Year Property Taxes	\$ 9,714	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (184)	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 9,736
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 9,531
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 205
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 205
27	Increase in Revenue Requirement		\$ 17,438
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.17644%
29			
30			
31			
32			
33			
34			
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36			
37			
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39			
40			

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line

No.

1

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19

20

Estimated Rate Case Expense

\$ 35,000

Estimated Amortization Period in Years

4

Annual Rate Case Expense

\$ 8,750

Adjusted Test Year Rate Case Expense

\$ 11,667

Increase(decrease) Rate Case Expense

\$ (2,917)

Adjustment to Revenue and/or Expense

\$ (2,917)

Reference

Testimony

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Outside Services

Line
No.

1		
2	Staff Recommended Outside Services Expense	\$ 106,103
3		
4	Test Year Outside Services Expense	107,983
5		
6	Adjustment to Revenues	<u>\$ (1,880)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>\$ (1,880)</u>
10		
11		
12		

13 SUPPORTING SCHEDULES

14 Staff Adjustment No. 1 Schedule BCA-12

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Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Water Testing

Line
No.

1		
2	Staff Recommended Water Testing Expense	\$ 3,318
3		
4	Test Year Water Testing Expense	6,123
5		
6	Adjustment to Revenues	<u>\$ (2,805)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(2,805)</u>
10		
11	<u>Reference</u>	
12	Staff Adjustment No. 2 Schedule BCA-13	
13		
14		
15		
16		
17		
18		
19		
20		

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Rent Expense

Line
No.

1

2 Staff Recommended Rent Expense

\$ 9,528

3

4 Test Year Rent Expense

10,307

5

6 Adjustment to Revenues

\$ (779)

7

8

9 Adjustment to Revenue and/or Expense

\$ (779)

10

11

12

13 SUPPORTING SCHEDULES

14 Staff Adjustment No. 3 Schedule BCA-14

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Abra Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

General Liability Insurance

Line
No.

1		
2	Staff Recommended General Liability Insurance Expense	\$ 3,479
3		
4	Test Year General Liability Insurance Expense	3,926
5		
6	Adjustment to Revenues	<u>\$ (447)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>\$ (447)</u>
10		
11		
12		

13 SUPPORTING SCHEDULES

14 Staff Adjustment No. 4 Schedule BCA-15

15

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Abra Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Bad Debt Expense

Line

No.

1

2

3

4

5

6

7

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10

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2013 Actual Write-Off's accounts originating 2008-2011

\$ 7,664

Number of Years

4.00

Average Annual Actual Write-Offs

\$ 1,916

Test Year Bad Debt Expense

9,367

Adjustment to Bad Debt Expense

\$ (7,451)

Adjustment to Revenue and/or Expense

\$ (7,451)

Reference

Testimony

Work papers

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Rejoinder Schedule C-2
Page 10
Witness: Bourassa

Taxes Other Than Income

Line

No.

1

2 Staff Recommended General Liability Insurance Expense

\$ -

3

4 Test Year General Liability Insurance Expense

554

5

6 Adjustment to Revenues

\$ (554)

7

8

9 Adjustment to Revenue and/or Expense

\$ (554)

10

11

12

13 SUPPORTING SCHEDULES

14 Staff Adjustment No. 9 Schedule BCA-20

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Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Rebuttal Schedule C-2
Page 11
Witness: Bourassa

Interest Synchronization

Line
No.

1

2

3

4	Fair Value Rate Base	\$	555,640	
5	Weighted Cost of Debt		2.67%	
6	Interest Expense			\$ 14,851

7

8	Test Year Interest Expense			<u>\$ 20,038</u>
---	----------------------------	--	--	------------------

9

10	Increase (decrease) in Interest Expense			(5,186)
----	---	--	--	---------

11

12

13

14	Adjustment to Revenue and/or Expense			<u><u>\$ 5,186</u></u>
----	--------------------------------------	--	--	------------------------

15

16

17 Weighted Cost of Debt Computation

18

19

	<u>Percent</u>	<u>Cost</u>	<u>Weighted</u> <u>Cost</u>
20 Debt	51.40%	5.20%	2.67%
21 Equity	<u>48.60%</u>	<u>11.00%</u>	<u>5.35%</u>
22 Total	100.00%		8.02%

23

24

25

26

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Abra Water Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and/or Expenses
Adjustment Number 11

Exhibit
Rebuttal Schedule C-2
Page 12
Witness: Bourassa

Line

No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

7

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13 SUPPORTING SCHEDULE

14 C-3, page 2

15

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	<u>Test Year</u> <u>at Present Rates</u>	<u>Test Year</u> <u>at Proposed Rates</u>
\$	4,134	\$ 7,671
	-	4,134
\$	<u>4,134</u>	<u>3,537</u>

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Computation of Gross Revenue Conversion Factor

Exhibit
Rebuttal Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	20.525%
2		
3	Property Taxes	<u>0.935%</u>
4		
5		
6	Total Tax Percentage	21.460%
7		
8	Operating Income % = 100% - Tax Percentage	78.540%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.2732
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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40		

Abra Water Company, Inc.
Test Year Ended December 31, 2012

Exhibit
Rebuttal Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue		100.0000%				
2	Uncollectible Factor (Line 11)		0.0000%				
3	Revenues (L1 - L2)		100.0000%				
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)		21.4600%				
5	Subtotal (L3 - L4)		78.5400%				
6	Revenue Conversion Factor (L1 / L5)		1.273236				
<u>Calculation of Uncollectible Factor:</u>							
7	Unity		100.0000%				
8	Combined Federal and State Tax Rate (L17)		20.5250%				
9	One Minus Combined Income Tax Rate (L7 - L8)		79.4750%				
10	Uncollectible Rate		0.0000%				
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)		100.0000%				
13	Arizona State Income Tax Rate		6.5000%				
14	Federal Taxable Income (L12 - L13)		93.5000%				
15	Applicable Federal Income Tax Rate (L55 Col F)		15.0000%				
16	Effective Federal Income Tax Rate (L14 x L15)		14.0250%				
17	Combined Federal and State Income Tax Rate (L13 + L16)		20.5250%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity		100.0000%				
19	Combined Federal and State Income Tax Rate (L17)		20.5250%				
20	One Minus Combined Income Tax Rate (L18-L19)		79.4750%				
21	Property Tax Factor		1.1764%				
22	Effective Property Tax Factor (L20*L21)		0.9350%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)				21.4600%		
24	Required Operating Income	\$	44,556				
25	Adjusted Test Year Operating Income (Loss)	\$	30,860				
26	Required Increase in Operating Income (L24 - L25)			\$	13,696		
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$	7,671				
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$	4,134				
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)			\$	3,537		
30	Recommended Revenue Requirement	\$	287,478				
31	Uncollectible Rate (Line 10)	\$	0.0000%				
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$	-				
33	Adjusted Test Year Uncollectible Expense	\$	-				
34	Required Increase in Revenue to Provide for Uncollectible Exp.			\$	-		
35	Property Tax with Recommended Revenue	\$	9,736				
36	Property Tax on Test Year Revenue	\$	9,531				
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)			\$	205		
38	Total Required Increase in Revenue (L26 + L29 + L37)			\$	17,438		

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Test Year			Company Recommended		
40	Total			Total		
41	Revenue	\$ 270,040	\$ 270,040	\$ 287,478	\$ 287,478	
42	Operating Expenses Excluding Income Taxes	235,046	235,046	235,251	235,251	
43	Synchronized Interest (L47)	14,851	14,851	14,851	14,851	
44	Arizona Taxable Income (L39 - L40 - L41)	20,143	20,143	37,377	37,376	
45	Arizona State Effective Income Tax Rate (see work papers)	6.5000%	6.5000%	6.5000%	6.5000%	
46	Arizona Income Tax (L42 x L43)	\$ 1,309	\$ 1,309	\$ 2,430	\$ 2,429	
47	Federal Taxable Income (L42-L44)	\$ 18,834	\$ 18,834	\$ 34,947	\$ 34,947	
48	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 2,825	\$ 2,825	\$ 5,242	\$ 5,242	
49	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ -	\$ -	\$ -	\$ -	
50	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ -	\$ -	\$ -	
51	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	\$ -	\$ -	\$ -	
52	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	\$ -	\$ -	\$ -	
53	Total Federal Income Tax	\$ 2,825	\$ 2,825	\$ 5,242	\$ 5,242	
54	Combined Federal and State Income Tax (L35 + L42)	\$ 4,134	\$ 4,134	\$ 7,672	\$ 7,671	
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]			15.0000%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]				0.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					15.0000%

Calculation of Interest Synchronization:

58	Rate Base	Water
59	Weighted Average Cost of Debt	\$ 555,640
60	Synchronized Interest (L59 X L60)	2.6728%
		\$ 14,851

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Cost of Preferred Stock

Exhibit
Rebuttal Schedule D-3
Page 1
Witness: Bourassa

Line

No.

End of Test Year

End of Projected Year

Description
of Issue

Shares
Outstanding Amount Dividend
Requirement

Shares
Outstanding Amount Dividend
Requirement

NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING

SUPPORTING SCHEDULES:

E-1

RECAP SCHEDULES:

D-1

Abra Water Company, Inc.
Test Year Ended December 31, 2012
Cost of Common Equity

Exhibit
Rebuttal Schedule D-4
Page 1
Witness: Bourassa

Line

No.

1

2

3

4

5

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20

The Company is proposing a cost of common equity of

11.00% .

SUPPORTING SCHEDULES:

E-1

D-4.1 to D-4.6

Testimony

RECAP SCHEDULES:

D-1

Abra Water Company, Inc.
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on Duff and Phelps Risk Premium Study Data

Exhibit
Rejoinder Schedule D-4.1
Witness: Bourassa

			Measures of size					
			(Millions)					
	<u>Company</u>	<u>Symbol</u>	<u>MV</u> <u>Equity¹</u>	<u>Book</u> <u>Equity¹</u>	<u>MVIC¹</u>	<u>5 Yr Avg.</u> <u>Net Income</u>	<u>Total</u> <u>Assets²</u>	<u>5 Yr Avg.</u> <u>EBITDA³</u>
1.	American States	AWR	\$ 1,248	\$ 492	\$ 1,574	\$ 45	\$ 1,281	\$ 141
2.	Aqua America	WTR	\$ 8,909	\$ 1,535	\$ 10,378	\$ 155	\$ 4,859	\$ 430
3.	California Water	CWT	\$ 1,174	\$ 598	\$ 1,600	\$ 42	\$ 1,996	\$ 146
4.	Connecticut Water	CTWS	\$ 232	\$ 197	\$ 407	\$ 13	\$ 579	\$ 28
5.	Middlesex	MSEX	\$ 385	\$ 189	\$ 514	\$ 14	\$ 562	\$ 39
6.	SJW Corp.	SJW	\$ 662	\$ 322	\$ 997	\$ 21	\$ 1,087	\$ 87

¹ From Value Line Analyzer Data and/or Zacks Investment Research

² From Value Line Analyzer Data and/or Zacks Investment Research. From E-1 for subject utility.

³ Net Income. From Zacks Investment Research and Company ACC reports

Net Income Data (\$ millions)

	<u>Company</u>	<u>Symbol</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>Average</u>
	American States	AWR	\$ 62.7	\$ 54.0	\$ 45.9	\$ 33.2	\$ 29.5	\$ 45.1
	Aqua America	WTR	\$ 205.0	\$ 197.0	\$ 143.1	\$ 124.0	\$ 104.4	\$ 154.7
	California Water	CWT	\$ 47.3	\$ 49.0	\$ 37.7	\$ 37.7	\$ 40.6	\$ 42.4
	Connecticut Water	CTWS	\$ 18.3	\$ 14.0	\$ 11.3	\$ 9.8	\$ 10.2	\$ 12.7
	Middlesex	MSEX	\$ 16.6	\$ 14.0	\$ 13.4	\$ 14.3	\$ 10.0	\$ 13.7
	SJW Corp.	SJW	\$ 23.5	\$ 22.0	\$ 20.9	\$ 24.4	\$ 15.2	\$ 21.2

Net Income data for publicly traded water utilities from Zacks Investment Research and/or Yahoo Finance

⁴ Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).

EBITDA Data (\$ millions)

	<u>Company</u>	<u>Symbol</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>Average</u>
	American States	AWR	\$ 161.0	\$ 154.0	\$ 133.3	\$ 134.4	\$ 122.6	\$ 141.1
	Aqua America	WTR	\$ 424.3	\$ 439.0	\$ 397.8	\$ 473.2	\$ 415.2	\$ 429.9
	California Water	CWT	\$ 155.0	\$ 151.0	\$ 143.3	\$ 155.7	\$ 125.5	\$ 146.1
	Connecticut Water	CTWS	\$ 43.4	\$ 30.0	\$ 24.2	\$ 22.5	\$ 20.3	\$ 28.1
	Middlesex	MSEX	\$ 42.1	\$ 39.0	\$ 34.6	\$ 43.3	\$ 34.6	\$ 38.7
	SJW Corp.	SJW	\$ 91.4	\$ 90.0	\$ 87.1	\$ 75.4	\$ 93.5	\$ 87.5

EBITDA data for publicly traded water utilities from Zacks Investment Research and/or Yahoo Finance

Abra Water Company, Inc.
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on Duff and Phelps Risk Premium Study Data

MRP_{m+s} Estimates Using Duff & Phelps Study (Unlevered)

Assumes 100% Equity and 0% debt

Data Smoothing with Regression Analysis

Smoothed Premium (RP_{m+s}) = Constant + X Coefficients * Log(Relevant Metric)

$$RP_{unlevered} = RP_{levered} - W_d W_e (\beta_u - \beta_d) RP_{market}$$

Where β_u = unlevered portfolio beta

β_d = debt beta, assumed to be 0.1

W_d = percentage of debt in capital structure

W_e = percentage of equity in capital structure

$RP_{levered}$ = levered realized risk premium

Exhibit
Rejoinder Schedule D-4.2
 Witness: Bourassa

	MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)
Constant	19.089%	16.046%	19.463%	13.763%	18.027%	15.308%
X Coefficient(s)	-3.233%	-2.591%	-3.243%	-2.623%	-2.851%	-2.736%

			MRP _{m+s} (unlevered)					
	Company	Symbol	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA
1.	American States	AWR	9.08%	9.07%	9.09%	9.43%	9.17%	9.43%
2.	Aqua America	WTR	6.32%	7.79%	6.44%	8.02%	7.52%	8.10%
3.	California Water	CWT	9.16%	8.85%	9.07%	9.49%	8.62%	9.39%
4.	Connecticut Water	CTWS	11.44%	10.10%	11.00%	10.87%	10.15%	11.35%
5.	Middlesex	MSEX	10.73%	10.15%	10.67%	10.78%	10.19%	10.96%
6.	SJW Corp.	SJW	9.97%	9.55%	9.74%	10.28%	9.37%	10.00%
Average (unlevered)			9.45%	9.25%	9.34%	9.81%	9.17%	9.87%
								Average

Abra Water Company, Inc.
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on Duff and Phelps Risk Premium Study Data

Unlevered Portfolio Beta
(from Duff & Phelps RP Study - Table C)

Exhibit
Rejoinder Schedule D-4.3
Witness: Bourassa

			Unlevered Portfolio Beta (β_u)					
<u>Company</u>			<u>(Table C-1)</u>	<u>(Table C-2)</u>	<u>(Table C-4)</u>	<u>(Table C-3)</u>	<u>(Table C-5)</u>	<u>(Table C-6)</u>
1.	American States	AWR	0.94	0.96	0.95	0.95	0.97	0.95
2.	Aqua America	WTR	0.87	0.89	0.86	0.88	0.83	0.86
3.	California Water	CWT	0.98	0.96	0.95	0.95	0.94	0.96
4.	Connecticut Water	CTWS	0.96	0.98	0.97	0.97	0.99	1.03
5.	Middlesex	MSEX	0.96	1.00	0.98	0.97	0.99	0.99
6.	SJW Corp.	SJW	0.98	0.98	0.98	0.99	0.97	0.95
Average			0.95	0.96	0.95	0.95	0.95	0.95

Abra Water Company, Inc.
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on Duff and Phelps Risk Premium Study Data

MRP Estimates Using Duff & Phelps Study (Relevered)

Relevered Realized Risk Premium

$$RP_{\text{relevered}} = RP_{\text{unlevered}} + W_d/W_e \cdot (\beta_d - \beta_e) \cdot RP_{\text{market}}$$

Where β_e = unlevered portfolio beta

β_d = debt beta, assumed to be 0.1

W_d = percentage of debt in capital structure

W_e = percentage of equity in capital structure

$RP_{\text{unlevered}}$ = unlevered realized risk premium from Schedule D-4.3

RP_{market} = general equity risk premium for the market since 1963 through 2012

Exhibit
Rejoinder Schedule D-4.4
Witness: Bourassa

		MRP _{mtz} (Relevered)								
Company		Symbol	W _d /W _e	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	26.1%	10.15%	10.17%	10.18%	10.51%	10.28%	10.51%	10.30%
2.	Aqua America	WTR	16.5%	6.94%	8.43%	7.05%	8.65%	8.11%	8.68%	7.98%
3.	California Water	CWT	36.3%	10.73%	10.38%	10.58%	11.01%	10.11%	10.92%	10.62%
4.	Connecticut Water	CTWS	75.3%	14.61%	13.35%	14.21%	14.08%	13.43%	14.78%	14.08%
5.	Middlesex	MSEX	33.7%	12.15%	11.64%	12.13%	12.22%	11.66%	12.43%	12.04%
6.	SJW Corp.	SJW	50.6%	12.15%	11.73%	11.92%	12.49%	11.53%	12.10%	11.99%
Average MRP (Relevered)			39.75%	11.12%	10.95%	11.01%	11.49%	10.85%	11.57%	11.17%

Abra Water Company, Inc.
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on Duff and Phelps Risk Premium Study Data

Equity Risk Premium Adjustment and Other metrics used in Build-up Method

Exhibit
Rejoinder Schedule D.4.5
Witness: Bourassa

[1] Estimate of Current Market Risk Premium (RP_{market})	5.00% <<<< Current Duff and Phelps recommendation
[2] Risk Premium Used in Duff & Phelps Study (1963-2013) ¹	4.90%
[3] Equity Risk Premium Adjustment (([1] - [2]))	0.10%
[4] Average MRP (relevered) for publicly traded water companies (from Schedule D-4.5)	11.17%
[5] MRP (relevered) for publicly traded water companies (RP_{mwa}) ([3] + [4])	11.27%
[6] Equity Risk Premium Adjustment ([3])	0.10%
[7] Average MRP (relevered) for subject utility company (from Table 4)	0.00%
[8] MRP (relevered) for subject utility company (RP_{mwa}) ([6] + [7])	0.10%
[9] Industry Risk Premium (From Duff & Phelps for SIC 494 Water Supply Industry Exhibit 5-7)	-4.24%
[10] Adjustment Factor to Industry Risk Premium ([2] / 6.96% ¹)	0.7184
[11] Adjusted Industry Risk Premium (R_i) ([9] x [10])	-3.05%
[12] Risk Free Rate (R_f) ²	2.95%

¹ From Duff and Phelps Risk Premium Report 2014.

² Yield on 20 Yr U.S. Treasury August 20, 2014 (Federal Reserve)

Abra Water Company, Inc.
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on Duff and Phelps Risk Premium Study Data

Cost of Equity (COE) Estimate using Build-up Method

$$E(R_i) = R_f + RP_{m+s} + RP_i + RP_u$$

Where:

$E(R_i)$ = Expected (indicated) rate of return

R_f = Risk-free rate of return. See Rebuttal Schedule D-4.17.

RP_{m+s} = Market risk premium including size premium. See Rebuttal Schedule D-4.16.

RP_i = Industry risk premium (adjusted). See Schedule D-4-17.

RP_u = Company-specific risk premium

Sample
Publicly Traded

Water

Utilities

Abra Water Company, Inc.

R_f =	2.95%	2.95%
RP_{m+s} =	See Sched. D-4.16	
RP_i =	-3.05%	-3.05%
RP_u =	0.00%	0.00%

Indicated COE $E(R_i)$

	<u>Company</u>	<u>Symbol</u>	<u>MV</u> <u>Equity</u>	<u>Book</u> <u>Equity</u>	<u>MVIC</u>	<u>5 Yr Avg.</u> <u>Net Income</u>	<u>Total</u> <u>Assets</u>	<u>5 Yr Avg.</u> <u>EBITDA</u>	<u>Average</u>
1.	American States	AWR	10.16%	10.17%	10.19%	10.52%	10.28%	10.52%	10.31%
2.	Aqua America	WTR	6.95%	8.43%	7.06%	8.65%	8.11%	8.69%	7.98%
3.	California Water	CWT	10.73%	10.38%	10.59%	11.01%	10.12%	10.92%	10.63%
4.	Connecticut Water	CTWS	14.62%	13.35%	14.21%	14.08%	13.44%	14.78%	14.08%
5.	Middlesex	MSEX	12.16%	11.64%	12.13%	12.23%	11.66%	12.44%	12.04%
6.	SJW Corp.	SJW	12.15%	11.73%	11.92%	12.49%	11.53%	12.11%	11.99%
Average COE estimate			11.13%	10.95%	11.02%	11.50%	10.86%	11.58%	11.17%
Median COE Estimate			11.44%	11.01%	11.26%	11.62%	10.91%	11.51%	11.31%

Exhibit
Rejoinder Schedule D-4.6
Witness: Bourassa

Abra Water Company
Test Year Ended December 31, 2012
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1

Line No.	Meter Size	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	
1	5/8x3/4 Inch	\$ 245,084	\$ 261,875	\$ 16,791	6.85%	90.76%	91.09%	
2	2 Inch	11,690	11,725	35	0.30%	4.33%	4.08%	
3	Standpipe	4,371	4,553	182	4.17%	1.62%	1.58%	
4	Coin-Op	4,905	5,109	204	4.17%	1.82%	1.78%	
5								
6								
7								
8	Total Revenues <u>before</u> Annualization	\$ 266,051	\$ 283,263	\$ 17,212	6.47%	98.52%	98.53%	
9								
10								
11								
12								
13								<u>Schedule</u>
14	5/8x3/4 Inch	\$ 125	\$ 124	\$ (1)	-0.72%	0.05%	0.04%	C-2, page 5.1
15	2 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.2
16								
17								
18								
19								
20								
21	Total Revenue Annualization	\$ 125	\$ 124	\$ (1)	-0.72%	0.05%	0.04%	
22								
23								
24	Total Revenues <u>with</u> Rev. Annual. & Declining Usage	\$ 266,176	\$ 283,387	\$ 17,211	6.47%	98.57%	98.58%	
25								
26	Misc. Serv. Rev.	7,758	7,758	-	0.00%	2.873%	2.699%	
27	Declining Usage Adjustment	(3,395)	(3,615)	(220)				
28	Unreconciled Difference to C-1	(499)	(53)	446	-89.38%	-0.185%	-0.018%	
29								
30	Total Revenues	\$ 270,040	\$ 287,477	\$ 17,438	6.46%	101.26%	101.26%	
31								

Abra Water Company
Test Year Ended December 31, 2012
Analysis of Revenue by Detailed Class

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size	(a) Average Number of Customers at <u>12/31/2012</u>	Average Consumption		<u>Revenues</u>		<u>Proposed Increase</u>			
		<u>Present Rates</u>			<u>Proposed Rates</u>	<u>Dollar Amount</u>	<u>Percent Amount</u>			
1	5/8x3/4 Inch	613	5,717	\$	31.07	\$	33.45	\$	2.37	7.64%
2	2 Inch	1	158,825		965.95		969.24		3.29	0.34%
3	Standpipe	2	40,473		242.84		252.95		10.12	4.17%
4	Coin-Op	1	68,126		408.75		425.78		17.03	4.17%
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16	Totals	<u>617</u>								

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Abra Water Company
Test Year Ended December 31, 2012
Analysis of Median Bill by Detailed Class

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size and Class	(a) Average Number of Customers at <u>12/31/2012</u>	Median Consumption	<u>Median Bill</u>		<u>Proposed Increase</u>	
		Present Rates		Proposed Rates	Dollar Amount	Percent Amount	
1	5/8x3/4 Inch	613	5,500	\$ 30.25	\$ 32.63	\$ 2.38	7.86%
2	2 Inch	1	117,050	715.30	723.92	8.62	1.20%
3	Standpipe	2	7,500	45.00	46.88	1.88	4.17%
4	Coin-Op	1	55,000	330.00	343.75	13.75	4.17%
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16	Totals	<u>617</u>					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Abra Water Company
Revenue Breakdown Summary
Present Rates

Exhibit
Rejoinder Sched
Page 3
Witness: Bouras

	Monthly <u>Mins</u>	Commodity <u>First Tier</u>	Commodity <u>Second Tier</u>	Commodity <u>Third Tier</u>	<u>Total</u>
5/8x3/4 Inch	\$ 103,040	\$ 41,821	\$ 70,453	\$ 29,895	\$ 245,209
2 Inch	\$ 1,344	\$ 1,881	\$ 8,465	\$ -	\$ 11,690
Standpipe	\$ -	\$ 4,371	\$ -	\$ -	\$ 4,371
Coin-Op	\$ -	\$ 4,905	\$ -	\$ -	\$ 4,905

TOTALS	\$ 104,384	\$ 52,978	\$ 78,919	\$ 29,895	\$ 266,176
Percent of Total	39.22%	19.90%	29.65%	11.23%	100.00%
Cummulative %	39.22%	59.12%	88.77%	100.00%	

Abra Water Company
Revenue Breakdown Summary
Company Proposed Rates

Exhibit
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Page 3
Witness: Bouras

	Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	\$ 120,557	\$ 42,239	\$ 69,944	\$ 29,260	\$ 261,999
2 Inch	1,572	1,867	8,286	-	11,725
Standpipe	-	4,553	-	-	4,553
Coin-Op	-	5,109	-	-	5,109

TOTALS	\$ 122,129	\$ 53,769	\$ 78,229	\$ 29,260	\$ 283,387
Percent of Total	43.10%	18.97%	27.61%	10.32%	100.00%
Cummulative %	43.10%	62.07%	89.68%	100.00%	

Abra Water Company
Test Year Ended December 31, 2012
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Service Charge for:	Present Rates	Proposed Rates
1	<u>Meter Size :</u>		
2	5/8 Inch	\$ 14.00	\$ 16.38
3	3/4 Inch	21.00	24.57
4	1 Inch	35.00	40.95
5	1 1/2 Inch	70.00	81.90
6	2 Inch	112.00	131.04
7	3 Inch	224.00	262.08
8	4 Inch	350.00	409.50
9	6 Inch	700.00	819.00
10	Standpipe	-	-
11	Coin-Op	-	-
12			
13	<u>Gallons In Minimum</u>	-	-
14			
15			
16			
17			
18	<u>Commodity Rates (per 1,000 gallons)</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
19	5/8x3/4 Inch		
20	0 gallons to 3,000 gallons	\$ 2.25	\$ 2.27
21	3,001 gallons to 10,000 gallons	\$ 3.80	\$ 3.77
22	over 10,000 gallons	\$ 6.00	\$ 5.87
23	3/4 Inch		
24	0 gallons to 3,000 gallons	\$ 2.25	\$ 2.27
25	3,001 gallons to 10,000 gallons	\$ 3.80	\$ 3.77
26	over 10,000 gallons	\$ 6.00	\$ 5.87
27	1 Inch		
28	0 gallons to 16,000 gallons	\$ 3.80	\$ 3.77
29	over 16,000 gallons	\$ 6.00	\$ 5.87
30	1 1/2 Inch		
31	0 gallons to 30,000 gallons	\$ 3.80	\$ 3.77
32	over 30,000 gallons	\$ 6.00	\$ 5.87
33	2 Inch		
34	0 gallons to 45,000 gallons	\$ 3.80	\$ 3.77
35	over 45,000 gallons	\$ 6.00	\$ 5.87
36			

Abra Water Company
Test Year Ended December 31, 2012
Present and Proposed Rates

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block	Present Rate	Proposed Rate
1				
2	3 Inch	0 gallons to 90,000 gallons	\$ 3.80	\$ 3.77
3		over 90,000 gallons	\$ 6.00	\$ 5.87
4				
5	4 Inch	0 gallons to 145,000 gallons	\$ 3.80	\$ 3.77
6		over 145,000 gallons	\$ 6.00	\$ 5.87
7				
8	6 Inch	0 gallons to 300,000 gallons	\$ 3.80	\$ 3.77
9		over 300,000 gallons	\$ 6.00	\$ 5.87
10				
11				
12	Standpipe/Coin-Op		\$ 6.00	\$ 6.25
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
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28				
29				
30				
31				
32				
33				
34				
35				

Abra Water Company
Changes in Representative Rate Schedules
Test Year Ended December 31, 2012

Exhibit
Schedule H- 3
Page 3
Witness: Bourassa

Line

No.

1

2

3 Other Service Charges

4 Establishment

5 Establishment (After Hours)

6 Reconnection (Delinquent)

7 Reconnection (Delinquent and After Hours)

8 Meter Test (If meter reading correctly)

9 Deposit

10 Deposit Interest

11 Re-Establishment (Within 12 Months)

12 Re-Establishment (After Hours)

13 NSF Check

14 Deferred Payment, Per Month

15 Meter Re-Read (if correct)

16 Late Charge per month (per R-14-2-409G(6))

17 Fire Sprinkler

18

19

20

21

22

23

24

25 (a) Residential - two times the average bill. Non-residential - two and one-half times the average bill. R14-2-403(B)(7)

26 (b) Months off system times the minimum. PER COMMISSION RULE (R14-2-403.D)

27 © 2 percent of the monthly minimum for a comparable size meter connection but not less than \$10 per month.

28

29

30

31 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM

32 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE

33 TAX. PER COMMISSION RULE (14-2-409.D 5).

34

35 ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,

36 AND ALL APPLICABLE TAXES.

37

38

**Present
Rates**

**Proposed
Rates**

\$	30.00	\$	30.00
	40.00		40.00
	50.00		50.00
	50.00		50.00
	50.00		50.00
(a)		(a)	
6.00%		6.00%	
(b)		**	
(b)		**	
\$	25.00	\$	25.00
1.50%		1.50%	
\$	20.00	\$	20.00
1.50%		1.50%	
(c)		(c)	

Abra Water Company
Test Year Ended December 31, 2012
Service Charges
Meter and Service Line Charges

Exhibit
Schedule H-3
Page 4
Witness: Bourassa

Line
No.

		Proposed	Proposed		Proposed	Proposed	
		Service	Meter	Total	Service	Meter	Total
		Line	Install-	Proposed	Line	Install-	Proposed
		Charge	ation	Charge	Charge	ation	Charge
		Charge	Charge	Charge	Charge	Charge	Charge
6	5/8 x 3/4 Inch	\$ 380.00	\$ 95.00	\$ 475.00	\$ 380.00	\$ 95.00	\$ 475.00
7	3/4 Inch	335.00	165.00	500.00	335.00	165.00	500.00
8	1 Inch	350.00	200.00	550.00	350.00	200.00	550.00
9	1 1/2 Inch	470.00	430.00	900.00	470.00	430.00	900.00
10	2 Inch	590.00	735.00	1,325.00	590.00	735.00	1,325.00
11	3 Inch	660.00	1,045.00	1,705.00	660.00	1,045.00	1,705.00
12	4 Inch	910.00	1,630.00	2,540.00	910.00	1,630.00	2,540.00
13	6 Inch	1,410.00	3,235.00	4,645.00	1,410.00	3,235.00	4,645.00
14							
15							
16							
17							
18							
19							
20							
21							
22							